

Message Text

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43

ACTION OPIC-06

INFO OCT-01 NEA-06 ISO-00 AID-05 EB-04 XMB-02 IGA-01 L-02

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R 130910Z NOV 74

FM AMEMBASSY DACCA
TO SECSTATE WASHDC 4910

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PASS OPIC

E.O. 11652: N/A

TAGS: EINV, BGEN, BGXX
SSBJ: QUERIES FROM SQUIBB

1. DURING CALL BY EMBOFF ON T.J. CONROY, MANAGER OF SQUIBB/BANGLADESH, CONROY RAISED FOLLOWING QUESTIONS RELATING TO COOLEY LOAN REQUIREMENTS:

A. SQUIBB HAS OUTSTANDING LOAN FROM AMERICAN EXPRESS OF TAKA 2,415,000 AT 12 HERCENT INTEREST. SQUIBB HAS BEEN PAYING INTEREST ON LOAN. NOW, BECAUSE OF RESTRICTIONS ON IMPORT LICENSES, SQUIBB HAS ENOUGH CASH ON HAND TO REDUCE OR LIQUIDATE THIS LOAN. IF SQUIBB LIQUIDATES OR REDUCES THIS LOAN, WOULD IT BE IN VIOLATION OF COOLEY LOAN SUBORDINATION PROVISIONS?

B. SQUIBB/BANGLADESH IS CONSIDERING EXPANSION OF ITS PRODUCTION FACILITIES AND PRODUCT LINE BEGINNING SOME TIME IN 1975. THIS EXPANSION WOULD REQUIRE NEW INVESTMENT. SQUIBB/BANGLADESH OWES APPROXIMATELY DOLS 280,000 IN ROYALTIES TO ITS PARENT COMPANY. SQUIBB MAY WISH TO CAPITALIZE THESE ROYALTIES TO PROVIDE LOCA FUNDS FOR EXPANSION OF PRODUCTION CAPACITY. WOULD CAPITALIZATION OF THESE ROYALTIES BE IN VIOLATION OF COOLEY LOAN PROVISIONS?

2. IF PAYMENT OF AMERICAN EXPRESS LOAN (PARA 1 A) DOES NOT VIOLATE COOLEY LOAN PROVISIONS, CONROY WANTS TO ACT PRIOR TO CLOSE OF SQUIBB FISCAL YEAR ON NOVEMBER 30.

BOSTER

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NNN

Message Attributes

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Disposition Action: RELEASED
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Disposition Authority: cunninfx
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